

CENTRAL COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2009

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CENTRAL COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 Election)		
Susan Ruhser	President	2010
Lori Bouska	Vice President	2010
Jolene Jansen	Board Member	2008
Kristin Fitzgerald	Board Member	2008
Robert Hankey	Board Member	2008
Rachel Jaster	Board Member	2009
Kevin Lau	Board Member	2009
Board of Education (After September 2008 Election)		
Susan Ruhser	President	2009*
Lori Bouska	Vice President	2009*
Jolene Jansen	Board Member	2011
Kristin Fitzgerald	Board Member	2011
Robert Hankey	Board Member	2011
Rachel Jaster	Board Member	2009
Kevin Lau	Board Member	2009
School Officials		
Brian Rodenberg	Superintendent	2009
Joyce Piorkowski	District Secretary/Treasurer And Business Manager	Indefinite
Brian Gruhn	Attorney	Indefinite

*Board term shortened per the District's transition plan for changing Board terms from 3 years to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Education of
Central Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District, Elkader, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2010 on our consideration of Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be

considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 7 through 15 and 42 through 43 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Elkader, Iowa 52043

January 8, 2010

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Central Community School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

General Fund revenues increased from \$ 5,108,258 in fiscal 2008 to \$ 5,238,069 in fiscal 2009, while General Fund expenditures increased from \$ 5,131,633 in fiscal 2008 to \$ 5,159,011 in fiscal 2009. The District's General Fund balance increased from \$ 107,533 in fiscal 2008 to \$ 186,741 in fiscal 2009, a 74% increase.

The increase in General Fund revenues was due mainly to an increase in state foundation aid. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits, which were offset by cuts in support services.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the

short term as well as what remains for future spending. Fund financial statements report Central Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Community School District acts solely as custodian for the benefit of those outside the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

Business type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as the management levy or the property, plant and equipment levy.

The District has three kinds of funds:

1. **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. **Proprietary fund:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way in the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for the proprietary fund include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3. **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. The District currently has one Fiduciary Fund, a Private Purpose Trust Fund. In the Private-Purpose Trust Fund, the District accounts for outside donations for scholarships for individual students.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for the fiduciary fund include a statement of

fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the District's net assets at June 30, 2009 compared to June 30, 2008 is provided below:

	Condensed Statement of Net Assets (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30		June 30		June 30		June 30
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 4,637	4,104	37	40	4,674	4,144	12.8%
Capital assets	1,713	1,611	13	15	1,726	1,626	6.2%
Total assets	6,350	5,715	50	55	6,400	5,770	10.9%
Long-term liabilities	30	107	0	0	30	107	-72.0%
Other liabilities	3,556	3,188	3	3	3,559	3,191	11.5%
Total liabilities	3,586	3,295	3	3	3,589	3,298	8.8%
Net assets:							
Invested in capital assets	1,713	1,547	13	15	1,726	1,562	10.5%
Restricted	919	808	0	0	919	808	13.7%
Unrestricted	132	65	34	37	166	102	62.7%
Total net assets	\$ 2,764	2,420	47	52	2,811	2,472	13.7%

The District's combined net assets increased by over 13.7%, or approximately \$ 339,000 over the prior year. The largest portion of the District's net assets is the investment in capital assets (e.g. land, infrastructure, buildings and equipment).

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$ 111,000, or 14% over the prior year.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased approximately \$ 64,000 or 63%. This increase in unrestricted net assets was a result of General Fund expenditures exceeding General

Fund revenues by over \$ 79,000.

The following schedule shows the change in net assets for the years ended June 30, 2009 and 2008.

	Changes in Net Assets							
	(Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	2008-09	
Revenues:								
Program revenues:								
Charges for service	\$ 398	431	163	151	561	582		-3.6%
Operating grants, Contributions, and Restricted interest	1,108	677	99	96	1,207	773		56.1%
General revenues:								
Property tax	1,839	1,847	0	0	1,839	1,847		0.4%
State-wide sales and Services tax	326	321	0	0	326	321		1.6%
Income tax surtax	220	208	0	0	220	208		5.8%
Unrestricted state grants	2,348	2,314	0	0	2,348	2,314		1.5%
Unrestricted investment Earnings	40	68	1	1	41	69		-40.6%
Other	12	35	0	0	12	35		-65.7%
Total revenues	6,291	5,901	263	248	6,554	6,149		6.6%
Program expenses:								
Governmental activities:								
Instruction	3,812	3,721	0	0	3,812	3,721		2.4%
Support services	1,596	1,644	0	0	1,596	1,644		-2.9%
Non-instructional programs	0	0	269	264	269	264		1.9%
Other expenses	538	511	0	0	538	511		5.3%
Total expenses	5,946	5,876	269	264	6,215	6,140		1.2%
Change in net assets	\$ 345	25	(6)	(16)	339	9		3666.7%

In fiscal 2009, property tax and unrestricted state grants account for 63.9% of the revenues from governmental activities while charges for services and operating grants and contributions account for 99.6% of the revenue from business type activities.

The District's total revenues were approximately \$ 6.55 million of which \$ 6.29 million was for governmental activities and over \$ 263,000 was for business type activities.

As shown above, the District as a whole experienced a 6.6% increase in revenues and a 1.2% increase in expenses. Property taxes decreased approximately \$ 9,000, unrestricted state grants increased approximately \$ 34,000. The increases in expenses related to increases in the negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$ 6,291,108 and expenses were \$ 6,125,994. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net costs of the District's major governmental activities: instruction, support services, and other expenses.

	Total and Net Cost of Governmental Activities (Expressed in Thousands)					
	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 3,812	3,721	2.4%	\$ 2,783	2,858	-2.6%
Support services	1,597	1,644	-2.9%	1,550	1,597	-2.9%
Other expenses	538	511	5.3%	108	312	-65.4%
Total	\$ 5,947	5,876	1.2%	\$ 4,441	4,767	-6.8%

The cost financed by users of the District's programs was \$ 397,549.

Federal and state governments subsidized certain programs with grants and contributions totaling \$ 1,046,163.

The net cost of governmental activities was financed with \$ 2,385,368 in property and other taxes and \$ 2,348,305 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$ 263,007 and expenses were \$ 268,585. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Central Community School District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed fiscal year 2009, its governmental funds reported a combined fund balances of \$ 1,081,014, a significant increase over last year's ending fund balance of \$ 915,750.

Governmental Fund Highlights

The District's improved General Fund financial position is the result of revenues increasing 2.5%, while expenditures increased only 0.5%. This resulted in the General Fund balance increasing \$ 79,208 as compared to a \$ 23,375 decrease in FY08.

The Capital Projects Fund was started in 2004 to account for revenues from the statewide sales and services tax. For fiscal 2008, the Fund had revenues of \$ 351,996 and expenditures of \$ 286,801. For fiscal 2009, the Fund had revenues of \$ 534,062 and expenditures of \$ 482,950. Additionally, the Fund transferred \$ 65,561 out for debt service payments.

Proprietary Fund Highlights

School Nutrition fund net assets decreased from \$ 51,847 at June 30, 2008 to \$ 46,269 at June 30, 2009, representing a decrease of approximately 10.8%. For fiscal 2009, the District's cost increased \$ 4,370, while revenues increased \$ 15,423.

BUDGETARY HIGHLIGHTS

The District's revenues were \$ 219,624 more than budgeted revenues, a variance of approximately 3.5%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area due to spending of FEMA proceeds after the 2008 flood.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$ 1.7 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This represents a net increase of 6.2% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$ 158,623.

The original cost of the District's capital assets was \$ 4.8 million. Governmental funds account for \$ 4.7 million with the remainder being accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital assets during the year occurred in the building improvement category, which increased \$ 169,760, due to re-roofing of the elementary building. In addition, the District received a donation of land valued at \$ 62,000.

	Capital Assets, net of Depreciation (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 163	101	0	0	163	101	6.1%
Buildings	1,275	1,183	0	0	1,275	1,183	7.8%
Furniture and equipment	275	327	13	15	288	342	-15.8%
Total	\$ 1,713	1,611	13	15	1,726	1,626	6.2%

Long-Term Debt

At June 30, 2009, the District has \$ 29,960 in other long-term debt outstanding. This represents a decrease of approximately 72% from last year. Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

	Outstanding Long-Term Obligations		
	(Expressed in thousands)		
	Total District		Total Change
	June 30,		June 30,
	2009	2008	2008-09
Early retirement	\$ 18	32	-43.8%
Compensated absences	12	10	20.0%
Revenue notes	0	65	-100.0%
Totals	\$ 30	107	-72.0%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has experienced declining enrollment for the past three years and expects that trend to continue. Taxable valuations in the District rose 4.8% to \$ 143,218,771.

Budgeted disbursements for fiscal year 2010 are \$ 119,488 more than the final budgeted amount for fiscal 2009, a 1.8% increase. The proposed property tax rate for 2010 is 14.28976 (per \$1000 taxable valuation) a 6.2% increase from fiscal 2009.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joyce Piorowski, District Secretary/Treasurer and Business Manager, Central Community School District, 400 First Street NW, Elkader, Iowa 52043.

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents:			
ISCAP	\$ 801,426	-	801,426
Other	1,326,554	36,679	1,363,233
Receivables:			
Property tax:			
Delinquent	39,586	-	39,586
Succeeding year	2,029,654	-	2,029,654
Accounts	4,324	-	4,324
ISCAP accrued interest	7,180	-	7,180
Prepaid expenses	1,246	-	1,246
Due from other governments	426,957	-	426,957
Capital assets, net of accumulated depreciation	1,712,842	12,863	1,725,705
TOTAL ASSETS	6,349,769	49,542	6,399,311
LIABILITIES			
Accounts payable	142,910	35	142,945
Salaries and benefits payable	362,865	-	362,865
Deferred revenue:			
Succeeding year property tax	2,029,654	-	2,029,654
Other	227,727	3,238	230,965
ISCAP warrants payable	790,000	-	790,000
ISCAP accrued interest payable	2,757	-	2,757
Long-term liabilities:			
Portion due within one year:			
Compensated absences	11,580	-	11,580
Termination benefits	17,176	-	17,176
Portion due after one year:			
Termination benefits	1,204	-	1,204
TOTAL LIABILITIES	3,585,873	3,273	3,589,146
NET ASSETS			
Invested in capital assets, net of related debt	1,712,842	12,863	1,725,705
Restricted for:			
Categorical funding	25,078	-	25,078
Management levy	124,956	-	124,956
Physical plant and equipment levy	137,278	-	137,278
Statewide sales and services tax	493,216	-	493,216
Other special revenue purposes	138,823	-	138,823
Unrestricted	131,703	33,406	165,109
TOTAL NET ASSETS	\$ 2,763,896	46,269	2,810,165

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Exhibit B

FUNCTIONS/PROGRAMS: Governmental activities:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for services	Operating Grants and Contributions	Governmental Activities	Business type Activities	Total
Instruction:	\$ 2,588,629	203,747	515,790	(1,869,092)	-	(1,869,092)
Regular	755,713	34,219	125,277	(596,217)	-	(596,217)
Special	467,896	145,657	3,291	(318,248)	-	(318,248)
Other	3,812,238	383,623	645,058	(2,783,557)	-	(2,783,557)
Support services:						
Student	136,138	286	2,050	(133,862)	-	(133,862)
Instructional staff	149,318	-	30,804	(118,714)	-	(118,714)
Administration	569,094	206	-	(568,888)	-	(568,888)
Plant operation and maintenance	357,772	8,538	-	(344,234)	-	(344,234)
Transportation	388,882	4,896	-	(383,986)	-	(383,986)
	1,596,404	13,926	32,854	(1,549,624)	-	(1,549,624)
Other expenditures:						
Facilities acquisition	249,374	-	220,106	(29,268)	-	(29,268)
Long-term debt interest	1,142	-	-	(1,142)	-	(1,142)
AEA flowthrough	210,145	-	210,145	-	-	-
Depreciation (unallocated)	77,446	-	-	(77,446)	-	(77,446)
	538,107	-	430,251	(107,856)	-	(107,856)
Total governmental activities	5,946,749	397,349	1,108,163	(4,441,037)	-	(4,441,037)
Business type activities:						
Non-instructional programs:						
Food service operations	268,585	163,279	98,963	-	(6,343)	(6,343)
Total	\$ 6,215,334	560,828	1,207,126	(4,441,037)	(6,343)	(4,447,380)
GENERAL REVENUES:						
Property tax levied for:						
General purposes				1,738,524	-	1,738,524
Capital outlay				100,465	-	100,465
Statewide sales and services tax				326,121	-	326,121
Income tax surtax				220,258	-	220,258
Unrestricted state grants				2,348,305	-	2,348,305
Unrestricted investment earnings				39,667	765	40,432
Other				12,206	-	12,206
Total general revenues				4,785,546	765	4,786,311
Changes in net assets				344,509	(5,578)	338,931
Net assets beginning of year				2,419,387	51,847	2,471,234
Net assets end of year				\$ 2,763,896	46,269	2,810,165

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments:				
ISCAP	\$ 801,426	-	-	801,426
Other	591,939	332,301	402,314	1,326,554
Receivables:				
Property tax:				
Delinquent	32,978	-	6,608	39,586
Succeeding year	1,772,856	-	256,798	2,029,654
Accounts	4,324	-	-	4,324
Accrued interest:				
ISCAP	7,180	-	-	7,180
Due from other governments	213,921	171,679	41,357	426,957
Prepaid expenses	1,246	-	-	1,246
TOTAL ASSETS	\$ 3,425,870	503,980	707,077	4,636,927
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 126,659	10,764	5,487	142,910
Salaries and benefits payable	360,487	-	2,378	362,865
ISCAP warrants payable	790,000	-	-	790,000
ISCAP accrued interest payable	2,757	-	-	2,757
Deferred revenue:				
Succeeding year property tax	1,772,856	-	256,798	2,029,654
Other	186,370	-	41,357	227,727
TOTAL LIABILITIES	3,239,129	10,764	306,020	3,555,913
Fund balances:				
Reserved for:				
Categorical funding	25,078	-	-	25,078
Unreserved	161,663	493,216	401,057	1,055,936
Total fund balances	186,741	493,216	401,057	1,081,014
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,425,870	503,980	707,077	4,636,927

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total fund balances of governmental funds (page 19)	\$ 1,081,014
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	1,712,842
Long-term liabilities, including compensated absences and termination benefits payable, are not due in the current period and, therefore are not reported in the governmental funds	<u>(29,960)</u>
Net assets of governmental activities	\$ <u>2,763,896</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$1,716,705	326,121	342,543	2,385,369
Tuition	216,235	-	-	216,235
Other	78,394	72,341	158,236	308,971
State sources	2,999,293	25,254	258	3,024,805
Federal sources	227,442	110,346	17,940	355,728
Total revenue	<u>5,238,069</u>	<u>534,062</u>	<u>518,977</u>	<u>6,291,108</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,510,850	-	82,327	2,593,177
Special	760,669	-	-	760,669
Other	326,828	-	142,111	468,939
	<u>3,598,347</u>	<u>-</u>	<u>224,438</u>	<u>3,822,785</u>
Support services:				
Student	136,138	-	-	136,138
Instructional staff	98,380	10,741	52,606	161,727
Administration	518,852	-	54,321	573,173
Plant operation and maintenance	310,376	6,949	33,419	350,744
Transportation	286,773	7,693	30,121	324,587
	<u>1,350,519</u>	<u>25,383</u>	<u>170,467</u>	<u>1,546,369</u>
Other expenditures:				
Facilities acquisition	-	457,567	23,567	481,134
Long-term debt:				
Principal	-	-	64,419	64,419
Interest and fiscal charges	-	-	1,142	1,142
AEA flowthrough	210,145	-	-	210,145
	<u>210,145</u>	<u>457,567</u>	<u>89,128</u>	<u>756,840</u>
Total expenditures	<u>5,159,011</u>	<u>482,950</u>	<u>484,033</u>	<u>6,125,994</u>
Excess of revenues over expenditures	<u>79,058</u>	<u>51,112</u>	<u>34,944</u>	<u>165,114</u>
Other financing sources (uses):				
Operating transfers in	-	-	65,561	65,561
Operating transfers out	-	(65,561)	-	(65,561)
Sale of equipment	150	-	-	150
Total other financing sources (uses)	<u>150</u>	<u>(65,561)</u>	<u>65,561</u>	<u>150</u>
Net change in fund balances	<u>79,208</u>	<u>(14,449)</u>	<u>100,505</u>	<u>165,264</u>
Fund balances beginning of year	<u>107,533</u>	<u>507,665</u>	<u>300,552</u>	<u>915,750</u>
Fund balances end of year	<u>\$ 186,741</u>	<u>493,216</u>	<u>401,057</u>	<u>1,081,014</u>

See notes to financial statements

CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2009

Net change in fund balances-total governmental funds (page 21) \$ 165,264

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 260,816	
Depreciation expense	<u>(158,623)</u>	102,193

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Repaid	64,419
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds. Payment of these liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets. Expenses in the Statement of Activities exceeded expenditures in the governmental funds, as follows:

Termination benefits	13,906	
Compensated absences	<u>(1,273)</u>	<u>12,633</u>

Change in net assets of governmental activities (page 18) \$ 344,509

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2009

	<u>School Nutrition</u>
ASSETS	
Cash	\$ 36,679
Capital assets, net of accumulated depreciation	<u>12,863</u>
TOTAL ASSETS	<u>49,542</u>
 LIABILITIES	
Accounts payable	35
Deferred revenues	<u>3,238</u>
TOTAL LIABILITIES	<u>3,273</u>
 NET ASSETS	
Invested in capital assets	12,863
Unrestricted	<u>33,406</u>
TOTAL NET ASSETS	<u>\$ 46,269</u>

See notes to financial statements.

Exhibit H

CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 Year Ended June 30, 2009

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ <u>163,279</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	89,487
Benefits	22,670
Purchased services	10,323
Supplies	143,943
Depreciation	<u>2,162</u>
Total operating expenses	<u>268,585</u>
Operating loss	<u>(105,306)</u>
Non-operating revenues:	
State sources	2,804
Federal sources	96,159
Interest income	<u>765</u>
Total non-operating revenues	<u>99,728</u>
Net loss	(5,578)
Net assets beginning of year	<u>51,847</u>
Net assets end of year	\$ <u>46,269</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sales of lunches and breakfasts	\$ 164,600
Cash paid to employees for services	(112,593)
Cash paid to suppliers for goods or services	<u>(130,661)</u>
Net cash used by operation activities	<u>(78,654)</u>
Cash flows from non-capital financing activities:	
State grants received	2,804
Federal grants received	<u>83,189</u>
Net cash provided by non-capital financing activities	<u>85,993</u>
Cash flows from investing activities:	
Interest on investments	<u>765</u>
Net increase in cash	8,104
Cash beginning of year	<u>28,575</u>
Cash end of year	<u>\$ 36,679</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (105,306)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	13,226
Depreciation	2,162
Decrease in accounts receivable	963
Decrease in inventories	10,489
Decrease in accounts payable	(109)
Decrease in salaries and benefits payable	(436)
Increase in deferred revenue	<u>357</u>
Net cash used by operating activities	<u>\$ (78,654)</u>
Non-cash investing, capital and financing activities:	
During the year ended June 30, 2009, the District received \$ 13,226 of federal commodities.	

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2009

	Private Purpose Trust <u>Scholarship</u>
ASSETS	
Cash	\$ 2,000
LIABILITIES	
None	<u> -</u>
NET ASSETS	
Reserved for scholarships	\$ <u>2,000</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2009

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 52
Deductions:	
Support services:	
Scholarships awarded	<u>52</u>
Change in net assets	-
Net assets beginning of year	<u>2,000</u>
Net assets end of year	<u>\$ 2,000</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

(1) Summary of Significant Accounting Policies

Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-Kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Elkader, Volga City, St. Olaf, Elkport and Garber, Iowa and the predominate agricultural territory of west central Clayton County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes Central Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clayton County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for revenues derived from the statewide sales and services tax which are required by law to be accounted for in a separate fund.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District reports the following fiduciary fund:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the

current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most

District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Boards of Supervisors in April 2008.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at

estimated fair market value at the date of donation. The cost of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20-50
Improvements other than buildings	20
Furniture and equipment	4-15

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, lunch fees collected in advance and unspent federal grants.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balances are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures in the other expenditures functional area exceeded the amount budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investment Rate Risk - At June 30, 2009, the District had \$ 47,000 invested in certificates of deposit with maturities ranging from 2 to 341 days.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$ 65,561</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for each outstanding series of warrants. Bankers Trust Company, N.A. is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2009 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2008-09A	6/26/08	6/25/09	\$ 0	3,763	0	0
2008-09B	1/21/09	1/21/10	363,602	3,363	359,000	2,704
2009-10A	6/25/09	6/23/10	437,824	54	431,000	53
Total			<u>\$ 801,426</u>	<u>7,180</u>	<u>790,000</u>	<u>2,757</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal

from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2008-09A	\$ 0	195,000	195,000	0

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2008-09A	3.500%	3.469%
2008-09B	3.000%	2.110%
2009-10B	2.500%	.902%

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	<u>Balance Beginning Of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental Activities:				
Capital assets not being				
Depreciated:				
Land	\$ 101,000	62,000	0	163,000
Capital assets being depreciated:				
Buildings	2,806,775	169,760	0	2,976,535
Furniture and equipment	1,535,394	29,056	0	1,564,450
Total capital assets being				
Depreciated	<u>4,342,169</u>	<u>198,816</u>	<u>0</u>	<u>4,540,985</u>

Less accumulated				
Depreciation for:				
Buildings	1,624,009	77,446	0	1,701,455
Furniture and equipment	<u>1,208,511</u>	<u>81,177</u>	0	<u>1,289,688</u>
 Total accumulated				
Depreciation	<u>2,832,520</u>	<u>158,623</u>	0	<u>2,991,143</u>
 Total capital assets being				
Depreciated, net	<u>1,509,649</u>	<u>40,193</u>	0	<u>1,549,842</u>
 Governmental activities				
Capital assets, net	<u>\$ 1,610,649</u>	<u>102,193</u>	0	<u>1,712,842</u>
 Business type activities:				
Furniture and equipment	\$ 74,053	0	0	74,053
Less accumulated depreciation	<u>59,028</u>	<u>2,162</u>	0	<u>61,190</u>
 Business type activities				
Capital assets, net	<u>\$ 15,025</u>	<u>(2,162)</u>	0	<u>12,863</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Other		\$ 843
Support services:		
Instructional staff		13,602
Operation and maintenance of plant		1,629
Transportation		<u>65,103</u>
		81,177
Unallocated		<u>77,446</u>
Total depreciation expense - governmental activities		<u>\$ 158,623</u>
 Business type activities		
Food service operations		<u>\$ 2,162</u>

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Revenue notes	\$ 64,419	0	64,419	0	0
Termination Benefits	32,286	5,887	19,793	18,380	17,176
Compensated Absences	10,307	11,580	10,307	11,580	11,580
Total	<u>\$ 107,012</u>	<u>17,467</u>	<u>94,519</u>	<u>29,960</u>	<u>28,756</u>

Termination Benefits

The District offers a voluntary early retirement benefit to employees who have completed twelve (12) years of service and have reached age 55. Classified employees must have been employed at least thirty (30) hours per week for ten (10) months per year. Certified employees must be at least half time to qualify. Employees will receive a cash payment calculated as follows: twenty percent (20%) of unused accumulated sick days multiplied by the employee's per diem wages. Per diem wages are based on contract days.

Supplemental duties and extended contract days are excluded. Classified per diem will be figured only to a maximum of eight hours. Upon retirement, the employee shall be eligible to participate in the school district's health insurance plan. The school district will pay up to \$ 300 per month towards this group insurance. This policy will be in effect until June 30, 2009.

At June 30, 2009, the District has obligations to eight participants with a total liability of \$ 18,380. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$ 19,793.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required

supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50603-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$ 202,815, \$ 185,537, \$ 172,065, respectively, equal to the required contributions for each year.

(8) Risk Management

Central Community School District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks exceeded commercial insurance coverage by nearly \$ 90,000 in 2008 due to historic flooding of the Turkey River. The District has or will receive public assistance grants to defray 100% of the estimated cost to repair the playground and athletic facilities. In addition, the Federal Emergency Management Agency (FEMA) has approved a hazard mitigation grant to relocate the District's softball complex at an estimated cost of \$ 180,000.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$ 210,145 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Related Party Transactions

The District had business transactions totaling \$ 4,413 between the District and District employees during the year ended June 30, 2009.

(11) Commitments

The District has entered into a contract totaling \$ 68,488 to purchase a school bus. The entire balance will be paid from either the Capital Projects Fund or Special Revenue, Physical Plant and Equipment Levy Fund.

(12) Subsequent Events

The District entered into a contract with a local nonprofit organization to provide pre-kindergarten services. The District will provide an instructor and pay to the Organization \$ 62.78 per student per month to cover the cost of meals, space and materials net the cost of the instructor. The contract is to run from August 18, 2009 until May 21, 2010 with payments to the Organization estimated to be \$ 14,125 based on an enrollment of 25 students.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES
 IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 Year Ended June 30, 2009

	Governmental Funds		Proprietary Fund		Total Actual	Budgeted Amounts	Budgeted to Actual Variance
	Actual	Fund	Actual	Fund			
Revenues:							
Local sources	\$ 2,910,575	164,044	-	-	3,074,619	3,018,981	55,638
State sources	3,024,805	2,804	-	-	3,027,609	3,036,510	(8,901)
Federal sources	355,728	96,139	-	-	451,867	279,000	172,867
Total revenues	6,291,108	263,007	-	-	6,554,115	6,334,491	219,624
Expenditures/Expenses:							
Instruction	3,822,785	-	-	-	3,822,785	4,035,160	210,375
Support services	1,546,369	-	-	-	1,546,369	1,700,200	153,831
Non-instructional programs	-	268,585	-	-	268,585	271,278	2,693
Other expenditures	756,840	-	-	-	756,840	572,564	(184,276)
Total Expenditures/Expenses	6,125,994	268,585	-	-	6,394,579	6,577,202	182,623
Excess (deficiency) of revenues over (under) expenditures/expenses	165,114	(5,578)	-	-	159,536	(242,711)	402,247
Other financing sources, net	150	-	-	-	150	-	150
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	165,264	(5,578)	-	-	159,686	(242,711)	402,397
Balance beginning of year	915,750	51,847	-	-	967,597	952,856	14,741
Balance end of year	\$ 1,081,014	46,269	-	-	1,127,283	710,145	417,138

See accompanying independent auditor's report and notes to required Supplementary information-budgetary reporting.

Central Community School District

Notes to Required Supplementary Information - Budgetary Reporting

Year Ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2009, expenditures in the other expenditures function exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2009

Schedule I

		Special Revenue	Physical Plant and Equipment Levy	Debt Service	Total
ASSETS					
Cash	\$ 128,717	145,863	135,734	-	402,314
Receivables:					
Property tax:					
Delinquent	4,239	-	2,169	-	6,608
Succeeding year	155,568	-	101,230	-	256,798
Due from other governments	-	-	41,357	-	41,357
TOTAL ASSETS	\$ 280,524	145,863	280,690	-	707,077

LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ -	4,662	825	-	5,487
Salaries and benefits payable	-	2,378	-	-	2,378
Deferred revenue:					
Succeeding year	155,568	-	101,230	-	256,798
Other property tax	-	-	41,357	-	41,357
Total liabilities	155,568	7,040	143,412	-	306,020
Unreserved fund balances	124,956	138,823	137,278	-	401,057
TOTAL LIABILITIES AND FUND EQUITY	\$ 280,524	145,863	280,690	-	707,077

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE 2
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	
Revenues:					
Local sources:					
Local tax	\$ 198,026	-	144,477	-	342,543
Other	10,816	145,569	1,851	-	158,236
State sources	173	-	83	-	258
Federal sources	-	-	17,940	-	17,940
Total revenues	209,015	145,569	164,393	-	518,977
Expenditures:					
Current:					
Instruction:					
Regular	80,587	-	1,740	-	82,327
Other	-	142,111	-	-	142,111
Support services:					
Instructional staff	-	-	52,606	-	52,606
Administration	33,921	-	20,400	-	54,321
Plant operation and maintenance	32,850	-	569	-	33,419
Transportation	9,980	20,141	-	-	30,121
Other expenditures:					
Facilities acquisition	-	-	23,567	-	23,567
Long-term debt:					
Principal	-	-	-	64,419	64,419
Interest and fiscal charges	-	-	-	1,142	1,142
Total expenditures	157,338	162,252	98,882	65,561	484,033
Excess (deficiency) of revenues over (under) expenditures	51,677	(16,683)	65,511	(65,561)	34,944
Other financing sources:					
Operating transfers in	-	-	-	65,561	65,561
Excess (deficiency) of revenues and other financing sources over (under) expenditures	51,677	(16,683)	65,511	-	100,505
Fund balances beginning of year	73,279	155,506	71,767	-	300,552
Fund balances end of year	\$ 124,956	138,823	137,278	-	401,057

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Operations	\$ 102,391	6	13,946	88,451
Reading is Fundamental	3,041	1,770	602	4,209
Elementary Fundraisers	8,801	6,740	9,558	5,983
Elementary Activities	151	-	-	151
Entrepreneurs	84	-	-	84
Drama	654	3,949	2,428	2,175
Speech	-	50	50	-
Music Department Dry Cleaning	2,097	995	2,354	738
Instrumental Music	-	352	-	352
Intramural Athletics	-	4,685	4,685	-
Co-ed Athletics	4,750	2,712	7,462	-
Track	-	3,948	3,948	-
Cross Country	-	2,084	2,084	-
Golf	-	1,393	1,393	-
Boys Basketball	-	3,918	3,918	-
Football	-	10,274	10,274	-
Baseball	-	5,572	5,572	-
Wrestling	-	2,216	2,216	-
Girls Basketball	-	3,492	3,492	-
Volleyball	-	4,341	4,341	-
Softball	-	8,530	8,530	-
Football Club	518	35	-	553
Softball Club	312	1,761	1,706	367
Basketball Club	935	865	1,363	437
Baseball Club	1,032	-	-	1,032
FFA	741	-	409	332
Food and Fitness Club	29	2,074	1,221	882
Mentors	280	-	-	280
Wrestling Club	135	87	10	212
KRA	785	9	770	24
National Honor Society	31	268	53	246
Media	2,682	4,461	3,858	3,285
Yearbook	1,272	9,106	2,854	7,524
Athletic Boosters	6,446	11,794	10,557	7,683

(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Student Council	761	316	734	343
Letterwinners	54	-	-	54
Spanish Club	6,766	20,934	27,098	602
Drama Club	468	-	-	468
Volleyball Club	1,602	1,948	1,536	2,014
Cheerleaders	844	1,939	746	2,037
Class of 2011	1,440	1,901	745	2,596
Class of 2010	3,235	8,737	9,493	2,479
Class of 2009	2,468	796	1,598	1,666
Class of 2008	701	-	701	-
Class of 2013	-	3,304	1,740	1,564
Milk/Juice Sales	-	4,260	4,260	-
Soft Drink/Juice Sales	-	3,947	3,947	-
Total	\$ 155,506	145,569	162,252	138,823

See accompanying independent auditor's report.

Schedule 4

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 For the Last Six Years

	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 2,385,369	2,375,929	2,297,859	2,105,807	2,237,329	2,045,458
Tuition	216,235	241,471	241,353	221,079	185,009	188,036
Other	308,971	300,362	245,550	191,932	175,084	228,800
Intermediate sources	-	-	-	1,330	1,509	-
State sources	3,024,805	2,804,434	2,534,176	2,504,532	2,495,563	2,298,034
Federal sources	355,728	173,505	211,282	171,406	196,002	155,688
Total	\$ 6,291,108	5,895,201	5,530,220	5,196,086	5,290,496	4,916,016
Expenditures:						
Instruction:						
Regular	\$ 2,593,177	2,488,222	2,350,560	2,261,741	2,212,440	2,171,150
Special	760,669	752,189	654,103	572,937	484,282	625,832
Other	468,939	487,127	461,004	429,072	518,944	496,360
Support services:						
Student	136,138	147,063	137,099	132,861	126,412	131,133
Instructional staff	161,727	129,900	128,973	160,749	156,287	176,439
Administration	573,173	605,717	595,943	505,812	479,063	493,333
Plant operation and maintenance	350,744	375,500	382,394	379,627	366,882	353,982
Transportation	324,587	379,095	309,339	298,568	253,009	263,890
Non-instructional programs	-	190	-	-	-	-
Other expenditures:						
Facilities acquisition	481,134	268,209	373,258	131,181	216,419	188,047
Long-term debt:						
Principal	64,419	49,323	36,762	-	-	-
Interest and other charges	1,142	3,733	4,657	-	-	-
AEA flowthrough	210,145	198,370	186,279	180,395	180,137	181,770
Total	\$ 6,125,994	5,884,629	5,620,371	5,052,943	4,993,875	5,081,936

See accompanying independent auditor's report.

STEVEN S. CLAUSEN, CPA

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Central Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Central Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 8, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Central Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Central Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency which we also consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control

deficiency, or combination of control deficiencies, that adversely affects Central Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Central Community School District's financial statements that is more than inconsequential will not be prevented or detected by Central Community School District's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Central Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Central Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's response, we did not audit Central Community School

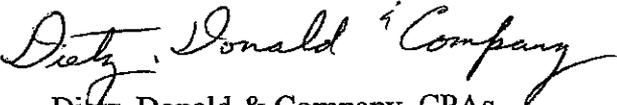
District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community School District and other parties to whom Central Community School District may report. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

January 8, 2010


Dietz, Donald & Company, CPAs
FEIN 42-1172392

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2009

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES

I-A-09 Financial Reporting - As is common in small organizations, the District does not prepare its financial statements, complete with notes, in accordance with U.S. generally accepted accounting principles. Accordingly, the District is unable to, and has not established internal controls over the preparation of financial statements.

Recommendation - As part of the audit, we have been requested to prepare a draft of the District's financial statements, including related notes. The District then performs a review of the financial statements. However, in order to provide improved oversight of the financial preparation services and implement controls over the financial reporting process, the District should establish review policies and procedures including the performance of some or all of the following:

- Review the adequacy of financial statement disclosures.
- Review and approve schedules and calculations supporting amounts included in the notes to the financial statements
- Apply analytical procedures to the draft financial statements.
- Apply other procedures as considered necessary by the District.

Response - We will attempt to establish statement review procedures using administrative personnel and the District's audit committee

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS
 Year Ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

II-A-09 Certified Budget - Expenditures for the year ended June 30, 2009 exceeded the certified budget amounts in the other expenditures function.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

II-B-09 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 15, 1979 were noted.

II-C-09 Travel Expenses - No disbursements of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Ron Engelhardt, spouse of cook, Owner of R&R Dairy	Food	<u>\$ 4,413</u>

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest.

II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes - No transactions were found that we believe should have

been approved in the Board minutes but were not.

II-G-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-09 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

II-I-09 Certified Annual Report - The Certified Annual Report was certified with the Department of Education timely.

II-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

II-J-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning Balance	\$ 0
Statewide sales and services tax revenue	326,121
Expenditures/transfers out	<u>0</u>
Ending balance	<u>\$ 326,121</u>